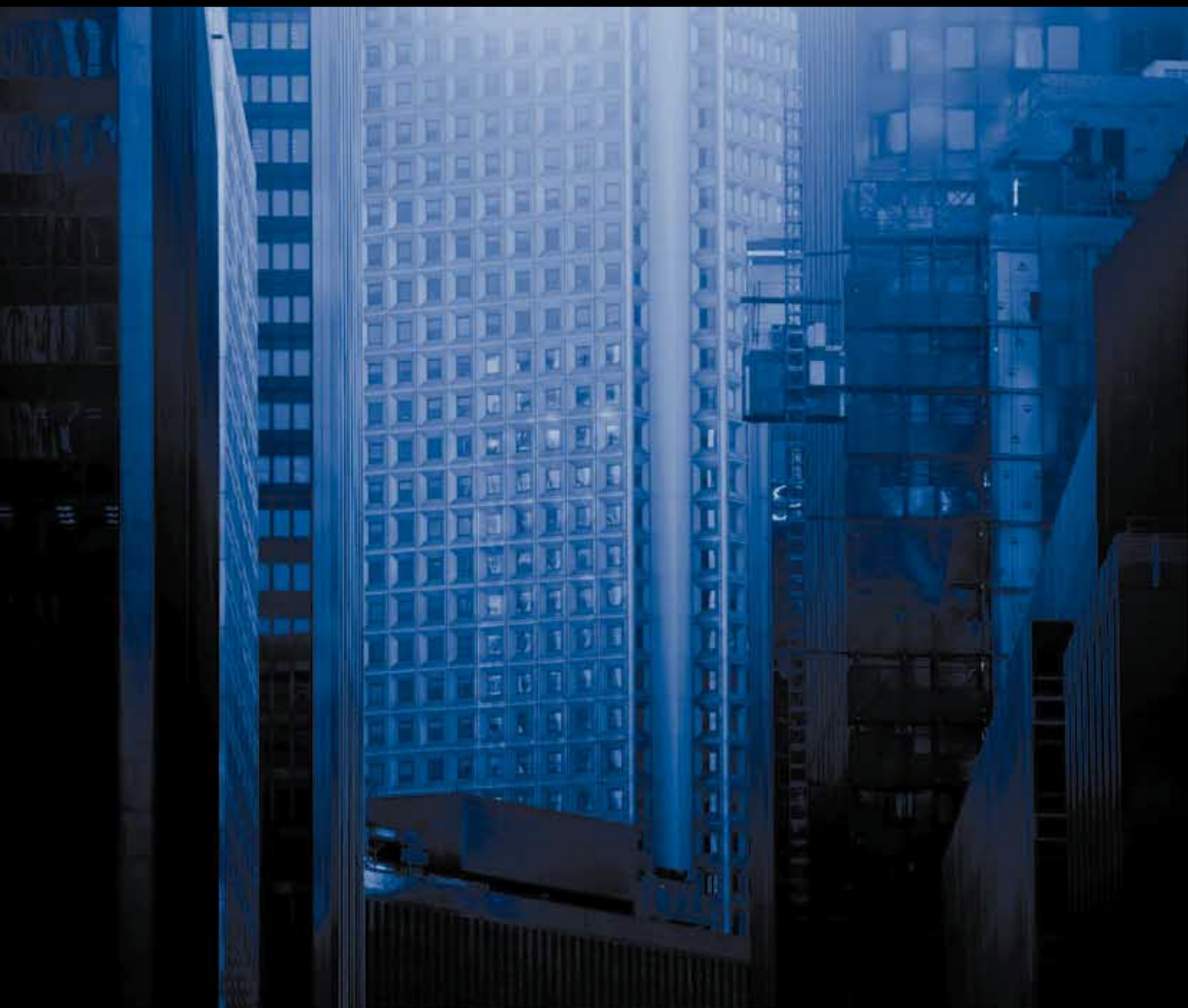
The Chartered Institute of Marketing

Deloitte.

Research findings

Improving marketing effectiveness

Leading practices in marketing accountability



Foreword

David Thorp
Director of Research and
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The Chartered Institute of
Marketing

Robert Bryant
Partner
Deloitte

On the face of it this paper makes for concerning reading. Consider just two of the headlines – only 7% of organisations always set clear accountabilities for marketing objectives and only 10% have core strategic metrics that remain consistent to enable longer term reporting.

Despite much work in the area of marketing effectiveness, be it through research, academia, training or consultancy, it seems that we still have yet to master the science behind much of what marketing does. While often underplayed and considered dry, marketing measurement was resoundingly recognised as being critical amongst the senior marketers we interviewed.

However, on closer inspection this study does not provide another nail in the coffin of marketers' credibility. Good practice and positive results have emerged throughout the research process and this paper reveals examples of the practical steps marketers can take to improve marketing accountability, not as an end goal in itself, but as a key pillar in a move to support a customer focus and 'smarter' approach to growth.

In the recent economic climate, where growth strategies and marketing budgets are under increasing scrutiny, it has never been more important for the CMO to be able to communicate and justify the key role of marketing in delivering cash flow and equity to the organisation.

It's not just the importance of getting it right, but what does 'getting it right' look like? Our findings shed new light on good practices that are by no means commonly followed. In this report you will see how our research has highlighted key themes on marketing measurement, accountability and strategic alignment that ultimately impact marketing effectiveness.

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Improving marketing effectiveness

Leading practices in marketing accountability

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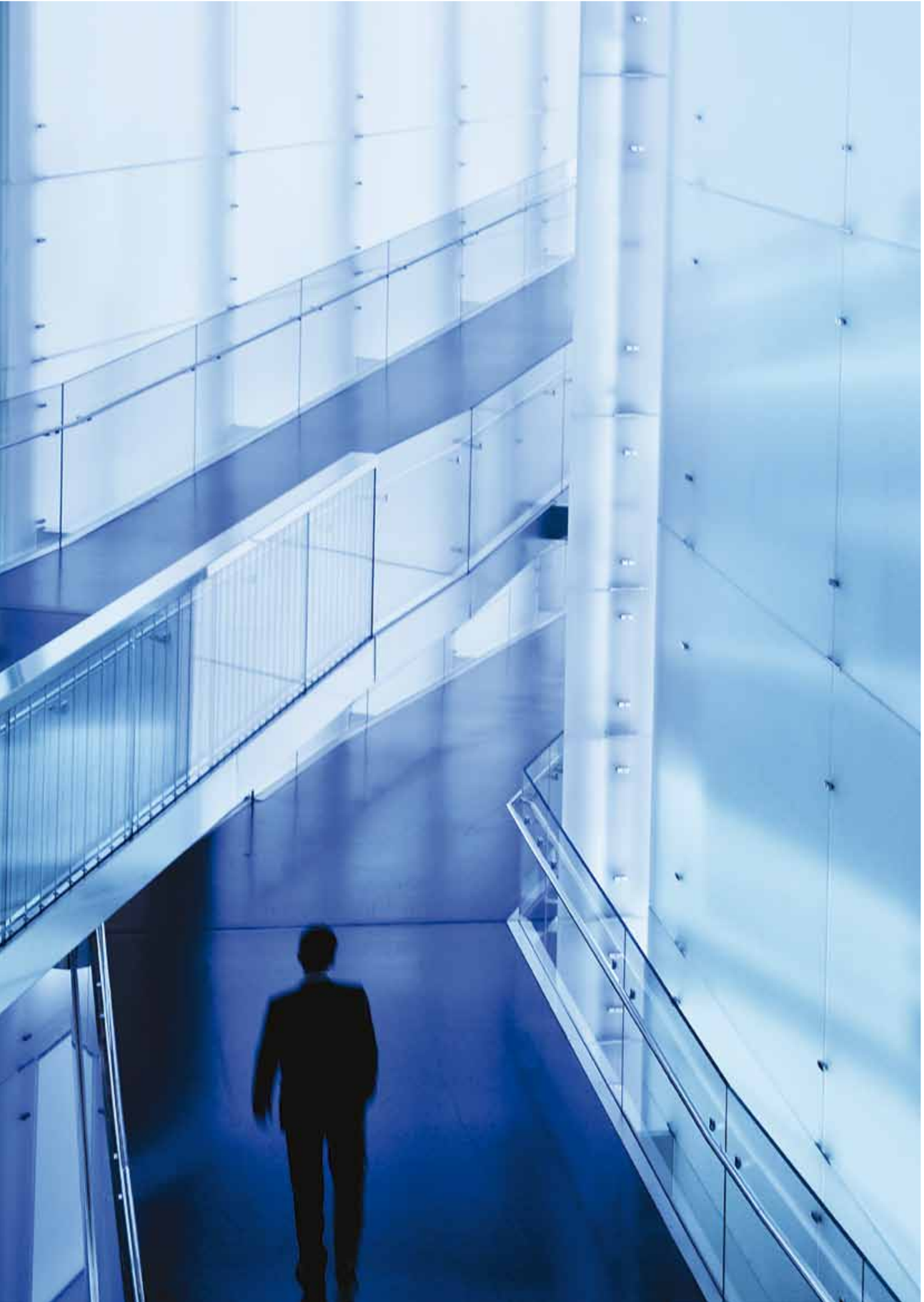


Key themes

Our benchmarking study, conducted in early 2010, draws on the perspectives of over 200 senior marketing and communications professionals and provides practitioners with practical guidance on how to understand current gaps and plot a course for improvement.

This paper is designed for immediate discussion in your own organisation, with each insight structured as follows:

- **Evidence –** what the benchmark told us
- **Implications –** what this means in practice
- **Recommendations –** how practitioners can tackle these challenges

Alongside an Advisory Panel of senior industry practitioners, we have analysed the benchmark data from this study and are confident that we have identified a multitude of new findings, which we have synthesised into four key themes:

- **Strategic alignment:** What's the point?
- **Definition of accountability:** Is measurement meaningless – who's really accountable?
- **Measures that count:** Companies measure what's easy, not what counts
- **Marketing effectiveness:** Measurement isn't delivering a return

Both CIM and Deloitte would be delighted to be contacted to discuss the findings of this report in more detail.

Themes of marketing measurement identified to impact marketing effectiveness

The effectiveness context

Fragmentation in communication channels, growth in online media, increasing cost of capital, and an accelerating pace of change in customers and markets are just some of the reasons for business leaders' increased focus on marketing effectiveness and returns.

Calls for increased accountability and investment justification are amplified by the recent recessional conditions and are likely to increase over coming years, as markets continue to change and the profound effects of our current economic cycle impact customer and consumer values, attitudes and behaviours over the longer term. Tough times have brought with them an increased scrutiny of how organisations make money, a new found financial literacy amongst the previously unacquainted and a permanent behaviour shift in the search for value for money. Marketing is often the first budget to be cut in times of need, and with the context of the previous recession marketers need an evidence based reply to the question 'how do we account for or justify marketing investment?'.

This important issue was identified previously in 2007 when Deloitte conducted a pan-European study into marketing effectiveness involving over 200 C-Suite respondents from large scale organisations. Entitled 'Marketing in 3D', its insights included:

- 77% of respondents did not believe their employees fully appreciated the value of marketing
- Only 20% of the survey base believed their current key performance indicators were the right ones to measure the true success of marketing

In addition, a study of 50 global organisations by The Chartered Institute of Marketing in 2009, entitled 'In Search of a Strategic Role for Marketing', found two concurrent insights:

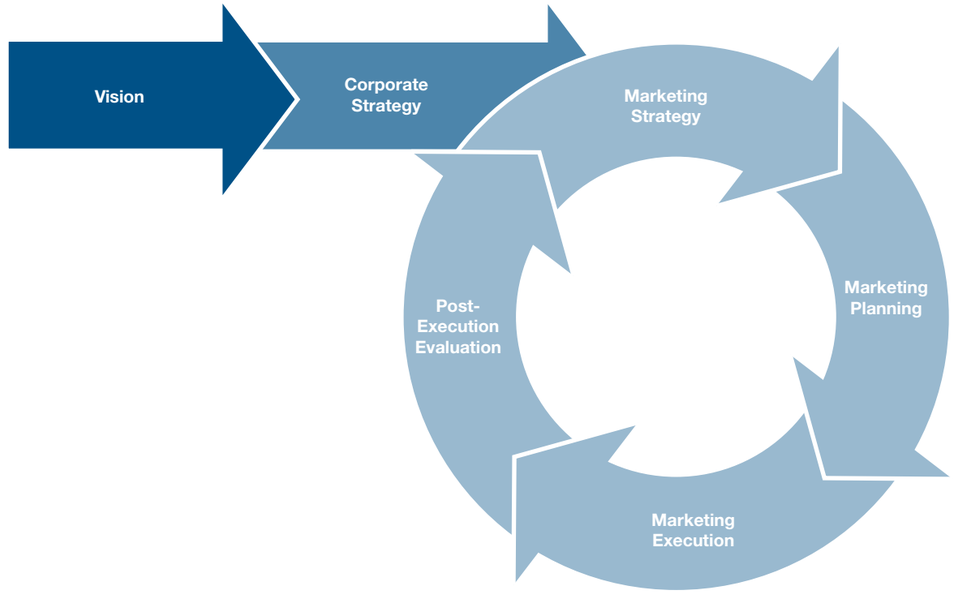
- 82% of marketing leaders were dissatisfied with the role and positioning of marketing within their organisations
- Only 5% of marketing structural change between 2006-08 was based on feedback from measurement systems

With a resurgent focus on marketing effectiveness, The Chartered Institute of Marketing (CIM) and Deloitte joined forces to explore how improved accountability and measurement could support business' desires to drive growth and higher performance through customer focus and a more strategic approach to marketing investment.

Structure to our thinking

We approached this study with two frameworks in mind, helping us to tackle the issue of marketing measurement and accountability holistically, and its impact on marketing effectiveness. These frameworks underpinned the structure for our quantitative benchmark survey phase:

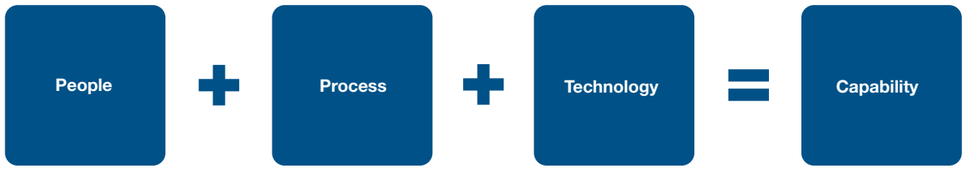
The Deloitte Marketing Value Chain



It is vital that marketing strategy is aligned to corporate vision and strategy, taking into consideration the evaluation of prior strategy execution to ensure continuous improvement. By truly understanding the end-to-end marketing value chain, an organisation is much better placed to achieve their business goals through delivering effective marketing and this will in turn enhance the profile of marketing.

Structure to our thinking

The CIM Framework for Capability Development



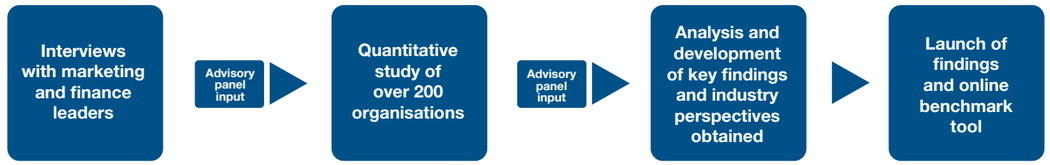
When we talk about 'capability', many people fall into the trap of thinking 'training'. The reality is much broader. Great capability encompasses three pillars – people, process and technology.

Consider how one might enhance the measurement capability of a marketing team: the best and most focused training programmes might help advance the collective skills of the group, but without co-ordinated changes to business processes (planning and budgeting, for instance) and without a review of technology (data and systems, for example), the training would be likely to fall short of improving organisational capability.

When considering change initiatives, therefore, managers are urged to ensure the right skills and development are in place but also to look holistically at the broader aspects of capability beyond this.

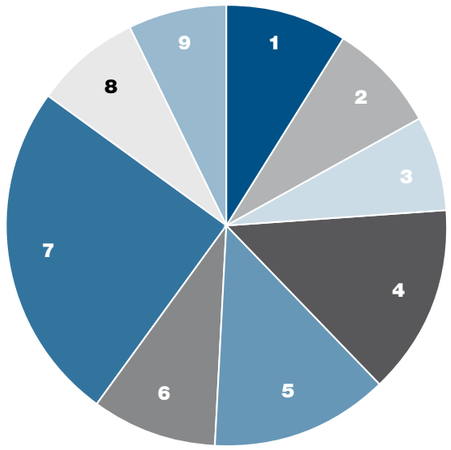
These frameworks were used as the basis for the development of the qualitative and quantitative research.

Research process


Interviews with marketing and finance leaders
Advisory panel input
Quantitative study of over 200 organisations
Advisory panel input
Analysis and development of key findings and industry perspectives obtained
Launch of findings and online benchmark tool

Our main survey was perception based to enable senior marketers to provide their view on their organisation's relative marketing measurement capability. We intentionally avoided a granular view of countless marketing metrics. This was in part because a single golden list of metrics is not always possible or desirable, as no one set of metrics is applicable to all companies and all industries. However, we also believe accountability is not just about metric selection but the wider issues of how strategy, people, process and technology are employed.

Research participants



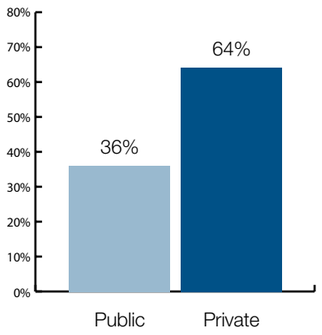
1 Consumer business
2 Financial services
3 Pharmaceuticals and health
4 Energy, infrastructure and transport
5 Professional services
6 Tourism, hospitality and real estate
7 Technology, media and telecoms
8 Public sector
9 Other

Our benchmark survey was completed by an intentionally broad cross section of industry, providing insights representative across different sectors and marketing contexts.

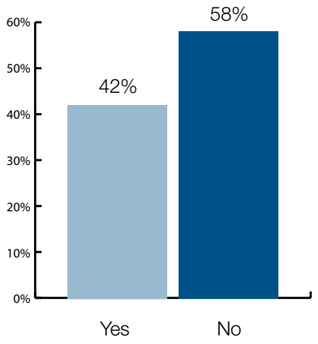
We had a positive balance between publicly quoted organisations, UK subsidiaries of multinationals and privately owned UK national organisations, again providing a full view on measurement and accountability challenges across many different contexts.

We had strong representation from executive management, several outside of core marketing roles to provide broad perspective. This was tempered by participation from marketing management roles at the frontline of managing marketing effectiveness and co-ordinating marketing measurement.

Is your organisation publicly quoted or privately owned?



Are you on the board or senior management team in your organisation?



Finding one

Strategic alignment: What's the point?

Implications

Our first finding holds central the premise that marketing exists to help an organisation grow and prosper – faster, smarter and better than the competition.

With this in mind, efforts to improve marketing effectiveness and the measurability of marketing investments rely heavily on the alignment between business strategy and marketing objectives.

Alignment is critical as corporate objectives are defined to deliver the corporate strategy. This in turn defines the marketing strategy, which is achieved through defining and achieving marketing objectives. This first part is being broadly achieved as 81% agreed (slightly or strongly) that their organisation's marketing strategy is aligned with their organisation's overall corporate strategy. Interestingly, however, the gap is at the second stage as only 37% of organisations think their business strategy is clearly translated into marketing objectives.

In the absence of alignment, clarity, strong communication and cross functional collaboration, how can marketing leaders expect or be expected to improve accountability and the effectiveness of their function's plans, activities and investments?

No marketer is an island

Whilst growth and prosperity may be articulated differently, dependent upon industry sector and other contextual nuances, it is widely accepted that 'successes', however defined, will rarely be delivered by a marketing function alone.

Success requires all constituent parts of an organisation's value chain – including alliances and channel partners, in some instances – to join together and deliver value to customers or consumers. And it is that value, and how it is created, which leaders expect to measure.

evidence

only
19%
of businesses strongly agree that the role of marketing is clearly articulated in their organisations

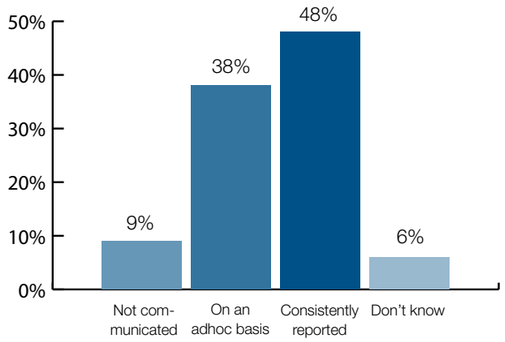
only
37%
of organisations think their business strategy is clearly translated into marketing objectives

Finding one **Strategic alignment: What's the point?**

Consider the benchmark evidence which led us to this finding:

- If your business strategy isn't clearly translated into marketing objectives, from where do your objectives originate and why? How can you assess the true impact of marketing investment on business performance if your marketing organisation is not guided by business strategy?
- If your plans for growth are developed in isolation of other functions (sales, customer service, operations, for example), how can you identify and optimise the marketing activities which delivered the greatest impact, in the search for effectiveness?
- If you are amongst the 81% of organisations in which marketing is ill-defined, or the more than 50% whose employees don't understand the role and value of marketing, how can you productively tackle the above two issues?
- We were concerned that less than half of organisations consistently report marketing measures internally to the board. This trend seems to have got worse since the previous 2007 Deloitte study 'Marketing in 3D', which identified that a third of companies did not do so. Could visibility, dissemination and debate of key marketing performance indicators with other senior leaders help in progressing this understanding, and enhance the strategy alignment challenges?

Do you communicate marketing or customer performance measures to board members?



Recommendations

Communicating internally pays dividends

We noted that organisations which invested time in communicating marketing or customer performance measures to the board, benefited from:

- A stronger appetite amongst executives to drive change as a result of measurement
- An even greater alignment between marketing strategy and corporate strategy

evidence

over
2/3
of companies don't normally manage go-to-market initiatives cross-functionally

only
20%
of businesses strongly agree that the role of marketing is clearly articulated in their organisations

Finding one **Strategic alignment: What's the point?**

Furthermore, organisations which continued this internal communications amongst other senior management (outside of the marketing function) realised:

- A stronger appetite for change as a result of feedback from measurement
- A higher understanding amongst employees as to the value of marketing

In addition, in those companies where marketing or customer performance measures are communicated amongst broader customer facing staff (irrespective of level), we saw supporting benefits:

- Greater alignment between marketing strategy and corporate strategy
- The same appetite for change as a result of feedback from measurement

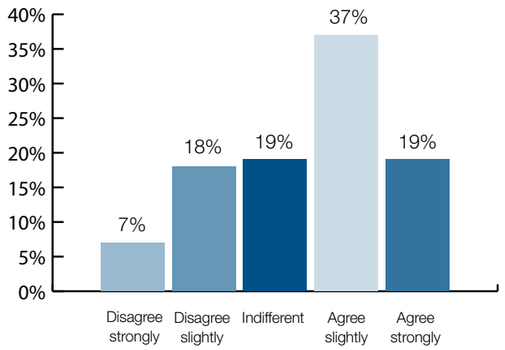
Finally, we observed a trend towards greater alignment between marketing strategy and corporate strategy where organisations extend communications of marketing or customer performance amongst an investment or analyst community.

Cross functional collaboration a powerful tool

Our analysis also highlighted the positive benefits of cross functional collaboration in tackling the issue of strategic alignment. We observed, in organisations which develop and manage go-to-market strategies and initiatives cross functionally, a positive trend with:

- A higher understanding amongst employees as to the value of marketing
- A perception of greater overall effectiveness of marketing within their organisations
- Greater alignment between marketing strategy and the organisation's overall corporate strategy

The role of marketing function is clearly articulated within my organisation



Examples of barriers, which prevent a better culture within organisations

This image was produced using the Wordle.com tool.

Bupa

An industry perspective

Are business leaders ready to embrace the implications of becoming truly customer centric?

The primary prerequisite to aligning marketing strategy with business strategy is that marketing has to be accepted as a core strategic function. If you believe your business is geared around the customer then you need an understanding of the customer at board level, which is something marketing should lead. If board decisions and business plans are driven by a sales or finance approach for instance, then the organisation will simply not get a customer-centric solution.

Another major distraction is the label of 'marketing'. It is a fact that different businesses mean very different things by that label: at one end marketing being the strategic function that defines and specifies the full customer experience; at the other end marketing being a communications function. 'Marketing' has become a blurred term; a label that is no longer useful in its ability to serve what should be a strategic function very well. A better label would, arguably, be 'the customer proposition function'. If you accept that logic – that marketing is all about designing the customer experience and customer propositions – then that links well into how you drive strategy and measure customer performance. Metrics then become all about the key elements of the customer touch-points.

Marketing confidence

Customer behaviour ultimately results in sales and impacts the bottom line. Marketers' must have the ability to help measure that process, and translate that process into clear metrics and measures in a business-oriented language that finance and operations understand and respect. Marketers tend to talk very qualitatively and emotionally, and so failure in the ability to translate key customer and marketing measures into their wider impact on the business, results in failure to engage people in the required business mindset. It is a well-quoted fact that 'marketing is jargonised common sense'; the downside is that the jargon doesn't help or serve marketers well.

Ultimately, the reason why many organisations get this wrong is because their leaders are looking down the wrong end of the telescope: they believe that the financials are the starting point, and that 'the numbers' are what drives the business. The reality is that they should be looking at the customers and the human decisions that fundamentally impact on financial success.

Sue Moore
Marketing and Customer Development Director
BUPA Health & Wellbeing UK

evidence

less than
half
of organisations consistently report marketing measures internally to the Board

more than
50%
of companies believe their employees do not understand the value of marketing

Finding two

Definition of accountability: Is measurement meaningless – who's really accountable?

Implications

Our benchmark survey highlighted a number of areas in which marketers appear to be improving their ability to deploy and utilise sound marketing metrics, customer acquisition and customer satisfaction, for instance.

This in itself is positive: over half of respondents believe they have a firm grasp of the metrics listed above.

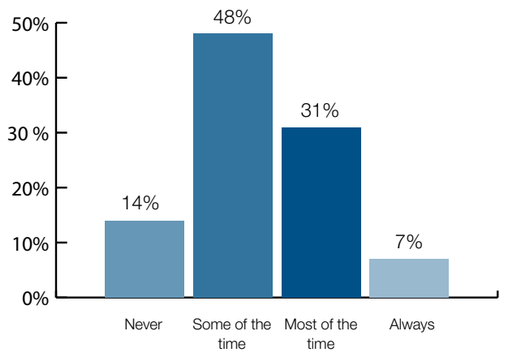
In a wider context, however, metrics alone are not a panacea for improving marketing effectiveness. They are a reporting tool to help provide evidence (or at least an indication) of performance but should generally sit as part of a broader series of initiatives geared to supporting accountability, not just reporting. In addition, key to using metrics is not just defining the precise metrics but understanding their context. Only 24% believe that metrics are put in context, correlated to other metrics within the business or the wider external market place.

For example, and based on our above evidence, metrics alone can do little to drive an improvement in marketing effectiveness if lines of accountability are not established and KPIs inconsistently applied – we noted that only just over half of companies define roles and responsibilities during marketing planning. Of additional concern is that 90% of businesses lack core strategic metrics which are central to longer term reporting and the ability to trend performance over time.

This may be read as a short term tactical focus by many marketers. Measurement activities appear to lack clarity, defined responsibilities and consistency. Accountability can be successfully fostered through role definition; incentivisation and reward; ownership and responsibility; and consistency in reporting approaches but such activities are being inconsistently deployed across the sample.

On the one hand this suggests a significant failing; on the other hand, a significant opportunity for advancing internal practices and developing a culture of greater accountability for marketing management.

To what extent is clear accountability established for initiatives?



Recommendations

Establishing clarity of accountability and KPIs is crucial

Too few organisations are establishing clear accountability and KPIs for each initiative. We looked specifically at those organisations which do so consistently. For those companies establishing clear accountability we identified a number of key trends:

- A perception of greater overall effectiveness of marketing within their organisations
- A higher score for overall ability to measure marketing effectiveness
- Greater alignment between marketing strategy and the organisation's overall corporate strategy
- A higher understanding amongst employees as to the value of marketing

We also noticed those companies setting and attributing KPIs for each initiative had a greater appetite amongst executives to drive change.

evidence

Where companies do measure, they do the following fairly or very effectively:

over
60%
Rate of customer acquisition

51%
Rate of customer retention

66%
Customer satisfaction

57%
Traditional media activities

56%
Customer value and profitability

Finding two **Definition of accountability: Is measurement meaningless – who's really accountable?**

Measurement in context delivers value

We noted that those companies, which put their marketing measurement activities in the broader context of the business and correlated to other business metrics, benefited from:

- A higher understanding amongst employees as to the value of marketing
- A perception of greater overall effectiveness of marketing within their organisations
- A higher score for overall ability to measure marketing effectiveness

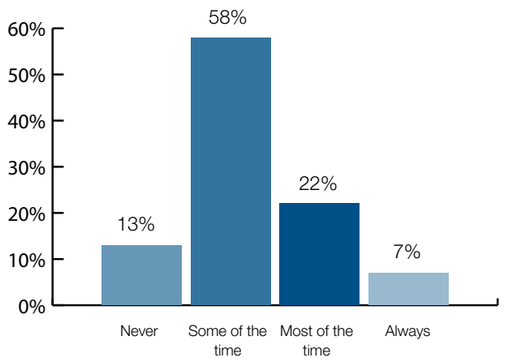
This suggests that investing time in managing marketing measurement as an organisational, rather than departmental, issue can help marketing leaders with challenges broader than just that of measurement.

Balancing short term evaluation and longer term reporting is critical

We also observed the following benefits, where organisations established and maintained core strategic metrics that remained consistent to enable longer term trending and reporting:

- A higher score for overall ability to measure marketing effectiveness
- Greater alignment between marketing strategy and the organisation's overall corporate strategy
- A higher understanding amongst employees as to the value of marketing
- A greater appetite amongst executives to drive change as a result of feedback from marketing measurement

To what extent are KPIs set and clearly attributed for each initiative?



"Metrics alone are not a panacea for improving marketing effectiveness"

CONVERGYS
Outthinking Outdoing

An industry perspective

Why is it so difficult?

Firstly, one of the many challenges facing marketers is the tension between demands for short term feedback on marketing activities with the longer term nature of many marketing investments. In this latter case many of the more meaningful metrics at our disposal are lagging indicators, particularly where organisations may have prolonged sales cycles and where building customer relationships takes time.

Whilst visibility of real-time campaign metrics may guide marketers on the effectiveness of individual activities or communications tools, this short term mindset doesn't truly tackle marketing effectiveness, which is inherently longer term.

Secondly, and particularly in a business-to-business context, a large part of marketing is focused on demand generation therefore the focus of marketing teams is biased towards campaign execution.

Unless you have a function within marketing which is 'disinterested' in the day-to-day campaign activity, the DNA of many organisations does not encourage taking a breath and reflecting on something which happened three or four months prior. This is both an issue of culture and of the reality of the pace of most marketing functions today.

Where we've seen success is the introduction of the sales and marketing operations concept. My role, whilst reporting to our VP Marketing, sits across both our sales and marketing functions and gives me visibility across the total pipeline, from demand generation to revenues secured. Being somewhat removed from the day-to-day pressures of marketing activity, I've been able to take the longer term view of effectiveness and provide that balance to the business.

Key recommendations

- Demonstrate the link between marketing investment and revenue/profit
- Coach and educate colleagues and other internal stakeholders on the various steps in understanding marketing effectiveness
- Demonstrate the value of your approach through case studies and evidence
- Provoke a dialogue at the highest levels; it's not a case of starting on the basis that marketing wanting to measure return on investment, it's about understanding the measures of organisational performance and aligning marketing with these

Stephen Taylor
Global Sales and Marketing Operations Director
Convergys

evidence

only
7%
of organisations always set clear accountabilities for objectives

only
7%
of companies always set KPIs clearly for each initiative

only
10%
of businesses have core strategic metrics that remain consistent to enable longer term reporting

Finding three

Measures that count: Companies measure what's easy, not what counts

Implications

First the good news: measurement is happening. An overwhelming 96% of companies are measuring customer satisfaction. An equally impressive 80% are measuring brand health. Almost two thirds are measuring pricing and doing so fairly or very effectively.

The bad news? It seems that marketers are measuring what they always have or what is easy to. Is this a problem?

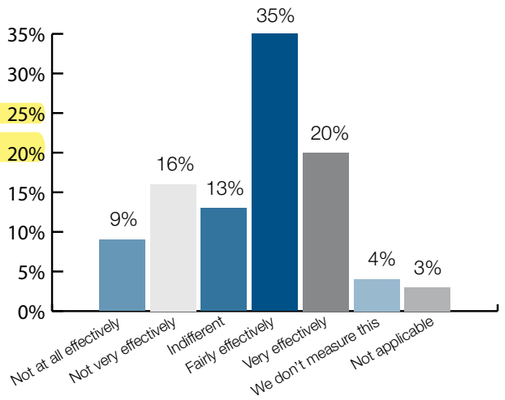
With over two thirds of businesses acknowledging their KPIs are not optimal for measuring the impact of marketing, this is clearly an important area with potential for improvement.

Consider this example: 96% of companies measure customer satisfaction. And many may argue rightly so. However, satisfaction statistics may tell us how happy customers are but if we don't understand the cost of creating this satisfaction or the ability to control the customer experience which delivers this satisfaction, our satisfaction scores may paint a false picture of how well our marketing investments are actually performing.

Looking at the use of metrics as part of a portfolio is the more interesting or revealing approach. Those 96% of companies measuring customer satisfaction is less positive when you consider only 10% measure the consistency of customer experience very effectively. This is compounded by the fact only 11% measure cost to serve equally effectively. In crude terms this can lead to satisfied but unprofitable customers with indifference to the brand experience!

Further, the rates of customer acquisition and customer retention are well measured (20% say strongly to both) but in terms of costs of acquisition and retention these are found harder (10% and 9% respectively). Also, in spite of the exposure and multitude of different methodologies, brand valuation is not yet delivering value internally with only 10% believing they are very effective in this space.

How effectively does your organisation evaluate performance for digital marketing?



Consider the wider evidence: just under a quarter of companies are measuring social media effectively and surprisingly companies believed they were equally effective at measuring online/digital channels as traditional communication channels, at 55% and 57% respectively. This is surprising as online/digital channels are widely praised for their real time measurement potential and to what extent is technology a limiting factor for marketing measurement?

- Only 10% strongly agreed that the technology requirements to deliver their strategy are clearly understood
- 60% of companies did not believe they were using their central data repository effectively, where staff and management can easily access information
- Only 20% use knowledge management systems and processes to build up for refining strategy

evidence

96%
of companies measure customer satisfaction

only 10%
of businesses are very effective at measuring cost to serve, and 10% are very effective at measuring consistency of the customer experience

80%
of companies measure brand health – but only 15% say this is very effective

only 32%
of companies measure brand valuation fairly or very effectively

Finding three **Measures that count: Companies measure what's easy, not what counts**

Recommendations

Measuring what's not so easy is worth the effort

In our commentary for this finding we pointed out that the vast majority of organisations measure customer satisfaction (96%), but that few focus on the more telling (and more challenging) measures of customer experience, cost of retention and customer value. For those organisations attempting this we observed positive trends:

- Those organisations measuring the consistency of customer experience perceive a greater overall effectiveness of marketing within their organisations
- Those organisations measuring customer value and profitability identify a higher understanding amongst employees as to the value of marketing

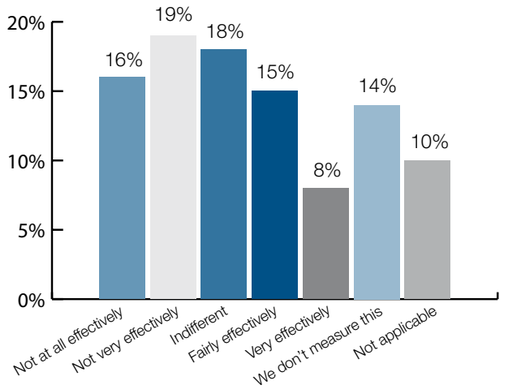
In particular, we observed a number of benefits for those organisations measuring the cost of customer retention (as opposed to just the satisfaction created). These included:

- Greater overall effectiveness of marketing within their organisations
- A higher score for overall ability to measure marketing effectiveness
- Greater alignment between marketing strategy and the organisation's overall corporate strategy
- A higher understanding amongst employees as to the value of marketing

The impact of digital marketing measurement is enhanced when integrated

We have commented that just under a quarter of companies are measuring social media effectively and companies believed they were equally effective at measuring online/digital channels as traditional communication channels, at 55% and 57% respectively.

How effectively does your organisation evaluate performance for social media?



When we explored those organisations, which stated that they integrated measurement of digital marketing with the measurement of other communications channels, we identified two positive benefits:

- Greater alignment between marketing strategy and the organisation's overall corporate strategy
- A greater appetite amongst executives to drive change as a result of feedback from marketing measurement

"To what extent is technology a limiting factor for marketing measurement?"

THOMSON REUTERS

An industry perspective

Customer centricity and marketing effectiveness

Frankly, this is critical. With the way in which the world is moving businesses don't have much of a choice. If the customer isn't at the heart of your organisation then you're likely to struggle with profitable growth.

Since the 2008 merger which created Thomson Reuters we've been doing a lot of work to help make this happen. As an historically sales focused organisation, we've sent a strong message internally by re-aligning our sales organisation to a structure based around customer segments rather than products. To help with internal integration, we're also re-aligning our marketing organisation in parallel. Here's a summary of what we've learned so far:

- Be incredibly clear about where roles start, stop and handover. Defining clear roles and accountabilities, especially between sales, marketing and service functions, is essential
- Be clear about your strategic priorities up front. Every year, we set out the six biggest priorities for the organisation and then cascade these to all of our teams. This doesn't stop individual plans and priorities, but it does help to create alignment
- Be clear on how budgets are formulated, what this process is and where they best reside

In a business-to-business context, marketing is typically seen as an 'execution' function and we as marketers don't do enough to challenge this. In many cases, this is exacerbated by marketers not having a solid grip on the numbers. Sales functions have the benefit of a pipeline and a conversion flow, but marketing doesn't. This, however, isn't an excuse – education and attention are essential to ensure that we begin to develop meaningful measurement approaches to enable us to play a more accountable role.

Key recommendations

- Be organised
- Have vision
- Ensure all appropriate stakeholders are involved from the outset

Kate Coldwell
Global Head, Office of the Chief Marketing Officer, Markets
Thomson Reuters

evidence

only
23%
of companies measure social media fairly or very effectively

Organisations perceive their ability to measure digital channels as being no stronger than their ability to measure traditional media activities

over
2/3
of businesses feel their KPIs are not optimal for measuring the impact of marketing

Finding four

Marketing effectiveness: Measurement isn't delivering a return

Implications

If this paper contends that the purpose of measurement is to do more of what works, and address the things that don't, then it is reasonable to assert that measurement as an activity should deliver a return.

Half of organisations claim timely reporting of marketing measurement, but the same number suggest their reporting is neither accurate nor effective. Furthermore, two thirds identified their data as inappropriately presented to enable insight to be derived and action taken.

It is notable that 75% of companies rated themselves as six or lower out of 10, when asked to what extent they believed their marketers understood the metrics they use. If marketers themselves don't understand the language of marketing measurement then how can the wider business?

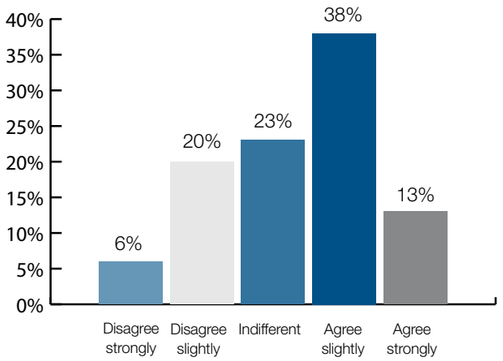
Of most concern, is that 42% of participating organisations are not seeing metrics fed back into future planning and a similar half do not believe that leaders drive change as a result of marketing and customer performance measures.

If measurement does not affect change, then why measure at all?

In addition, only 39% of companies use performance measurement data as a key tool to manage the business. This suggests that where measurement does occur, it is not being used to inform decision making and future planning and therefore, to our earlier assertion, simply isn't delivering a return.

In order to fuel growth and prosperity, appropriate investment must be channelled to marketing and customer initiatives, yet with the above evidence in mind it is conceivable how finance and executive leaders may continue to scrutinise, challenge and reduce budgets when they see no demonstrable link between implementation, measurement and continual improvement.

Do you agree that executives drive change as a result of marketing or customer performance measures?



"In order to fuel growth and prosperity, appropriate investment must be channelled to marketing and customer initiatives."

evidence

only
51%
of companies believe that executives drive change as a result of marketing or customer performance measures

1/2
of organisations believe they have timely reporting

1/2
of organisations feel their reporting isn't sufficiently accurate

Finding four Marketing effectiveness: Measurement isn't delivering a return

Recommendations

Creating a feedback loop for measurement is essential

The challenge of marketing measurement not delivering a return, as outlined in this finding, is concerning. If measurement doesn't inform and change behaviour, why measure?

We looked at those organisations which actively feed the results of marketing measurement back into future planning to identify the benefits of doing so. They include:

- A perception of greater overall effectiveness of marketing within their organisations
- A higher score for overall ability to measure marketing effectiveness
- Greater alignment between marketing strategy and the organisation's overall corporate strategy
- A higher understanding amongst employees as to the value of marketing
- A greater appetite amongst executives to drive change as a result of feedback from marketing measurement

Creating an appetite for change as a result of measurement amongst executives is achievable

In each of the recommendations sections within this paper we have identified positive trends between actions put in place by companies and the impact they have on creating an appetite amongst executives to drive change as a result of feedback from marketing measurement. These are summarised here:

- Integrate measurement of digital marketing with measurement of other communications channels
- Establish and clearly attribute KPIs for each initiative
- Establish and maintain core strategic metrics, which remain consistent to enable longer term reporting
- Ensure marketing measurement is put in context and correlated with other business metrics
- Communicate marketing or customer performance measures internally, specifically to the board, senior management in other functions and customer facing staff

An industry perspective

Marketing and finance collaboration

In this study over half of companies believe that their employees do not understand the value of marketing which highlights a great opportunity for the marketing team to further develop their internal communication and partnering skills with the wider business and especially with the finance team.

This is fundamental as finance plays a significant role in overall budget setting and are key enablers to driving accountability for delivery against the budget by putting marketing metrics into context with other key business metrics.

In addition, the finance team needs a good understanding of how marketing works in order to be valued business partners and not just number crunchers.

I note that only 19% of participants strongly agreed that the role of marketing is well articulated in their organisation; surely this indicates that now is the time for marketing teams to raise the awareness and understanding of their colleagues internally about the role of marketing and its interaction within the operating model of the organisation?

It is common practice for finance teams to run courses on finance for non-financial managers, however, it seems less common for marketing teams to provide the equivalent marketing course for their finance colleagues. With a broad understanding of marketing the finance team will be better able to make the linkages between financial and non-financial metrics, in order to provide more insightful reporting on marketing effectiveness and with this, greater accountability.

Mike Gant
Finance Director
Britvic

evidence

only
36%
of companies say they have data that is presented in an effective way to enable insight to be identified

only
39%
of companies believe they are fairly or very effective at measuring return on investment

Marketing effectiveness benchmark – next steps

This study has examined the role and importance of measurement and accountability as key drivers of marketing effectiveness and the importance of 'getting it right'.

To provide practical support for companies to take steps to address this crucial area, CIM and Deloitte have collaborated closely. Using the findings of this study – highlighted in bold on the 'Key capabilities to drive marketing effectiveness through better measurement' chart (page opposite), and our combined existing knowledge the following capabilities have been identified to demonstrate what 'getting it right' looks like.

Companies can still take part in the Marketing Effectiveness Benchmark

We continue to invite all senior marketers and business leaders to take part in this benchmarking exercise. By completing our 15 minute online questionnaire benchmarked results are charted instantly against industry peers, either as instant online charts or as a downloadable report. Participants can then continue return to see their performance change over time.

To take part visit www.deloitte.co.uk/marketing

About the analysis – statistical relevance

As with many business surveys, our sample base maybe considered statistically low. We recognise that when comparing responses to individual questions by segment, the result is not always statistically significant, particularly when applying a high confidence level of 95% for example. However, when you consider the survey as a whole, the weight of evidence is strong and very clear. The results highlight the characteristics of those organisations with a mature and progressive approach to marketing effectiveness, providing a clear path to those organisations that continue to struggle to understand the tangible impact marketing is making upon their business.

Key capabilities to drive marketing effectiveness through better measurement

	PEOPLE	PROCESS	TECHNOLOGY	DATA
Vision and corporate strategy	• **Role of marketing & marketing function commonly defined inside and outside marketing by management** • Executives take ownership and provide commitments • Accountability for customers agreed across functions	• Clear understanding of strategic levers to achieve long-term value (potential valuation of brands) • Strategic plan communicated as on-going correspondence from executives to managers	• **Technology requirements are understood to deliver the strategy**	• Corporate strategy is fact-based • **Key measures able to be 'rolled-up' to create an over-arching view (eg brand and marketing executive dashboard)**
Marketing strategy	• **Clear accountability is established for each activity**	• Practice of translating visions and corporate strategy into clear marketing strategies • **Each marketing objective is aligned to the business and marketing strategies** • Cross-functional engagement is a priority, recognising the total customer experience	• Visibility of data for strategic decision-making	• Marketing strategy is fact based • Data is both forward and backward looking, so lead and lag indicators are understood
Marketing planning	• **KPIs are set and clearly attributed for each activity** • Operational marketing planning is closely linked to the business' strategic plan	• **Cross-functional coordination to enable alignment of objectives and measures** • All levels use performance measurement data as a key tool to manage the business • **Measures used to inform future planning**	• Knowledge management capability is in place and used to inform planning	• Data can be exchanged between functions and geography • **Metrics used for both traditional and digital channels to justify and evaluate investment**
Marketing execution	• Metrics commonly understood by marketers • **Measures are fed back into decision-making process and used by executives to drive and affect change**	• Flexibility around operational metrics to be adjusted to changes to the organisation's strategy	• Automation of core marketing workflows (eg campaign management) providing audit trail for approvals and brand consistency • **Timely, accurate and flexible reporting**	• Standardised approach in place for the delivery and analysis of results • **Cost and rate of acquisition and retention measured and reported** • **Consistency and quality of customer experience measured**
Post-execution evaluation		• **Core strategic metrics remain consistent enabling longer term reporting on the return of marketing investment** • **Measures regularly reported internally to the board/senior management, customer facing staff and /or other functions**		• Data presented in an effective format that enables insight to be identified • Ability to drill down to levels of data • **Marketing measures put in context with other related business, market and competitor metrics** • **Impact of marketing spend and activity attributed to revenue performance**

About the research partners

As the world's largest organisation for professional marketers we play a key role in training, developing and representing our profession. Engaging with us means being part of something bigger: a community of marketers and business professionals who exchange ideas and experience. We help individuals and organisations to continually improve their skills and knowledge.

Our wealth of research and work into standards uniquely places us to help organisations identify skills gaps, devise tailored learning programmes or build bespoke solutions that precisely fit all members of your team. Ultimately, we will help you attract and retain the best talent and to develop a world-class marketing capability.

As any professional marketer knows, knowledge and insight is key to successful marketing and people performance. Our Research and Information Department is at the forefront of marketing knowledge creation, producing:

- The industry leading biannual Marketing Trends Survey, assessing attitudes and opinions to today's issues
- The annual Marketing Rewards survey, providing practical insight into marketing roles, remuneration and benefits
- Two Agenda Papers each year, tackling the key issues affecting the marketing profession both now and in the near future

The Chartered Institute of Marketing

The consulting practice at Deloitte has deep expertise and a broad spectrum of service offerings that enable us to provide high value business advice on a range of issues, from strategy through to implementation. Deep industry expertise in a number of key market segments in both the private and public sectors ensures that the advice we provide to clients is tailored to that particular sector's needs.

Our specialist marketing consultants have valuable expertise in customer and consumer insight, online channel effectiveness, marketing spend efficiency and effectiveness, loyalty and relationship management and brand performance management.

We work with our clients to translate organisational goals into executable marketing strategies, plans and actions. Our team of over 70 marketing experts, working in collaboration with the breadth of Deloitte specialists across the Firm, means we are uniquely placed to optimise the end-to-end Marketing Value Chain to achieve business goals and enhance the profile of marketing within an organisation.

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